

BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH

FILED
DEC 10 2013
SECRETARY, BOARD OF
OIL, GAS & MINING

IN THE MATTER OF THE REQUEST)
FOR AGENCY ACTION OF CLEAR)
CREEK CBM, LLC FOR APPROVAL)
TO INJECT PRODUCED WATER)
FROM THE COOK #20-1 WELL)
LOCATED IN SECTION 20,)
TOWNSHIP 13 SOUTH, RANGE 7)
EAST, CARBON COUNTY, UTAH,)
INTO THE ALPINE SCHOOL)
DISTRICT #3-17 (SWD) CLASS II)
INJECTION WELL LOCATED IN)
SECTION 17, TOWNSHIP 13 SOUTH,)
RANGE 7 EAST, CARBON COUNTY,)
UTAH)

REQUEST FOR AGENCY ACTION

Docket No. 2014-005
Cause No. UIC-362.2-2

CLEAR CREEK CBM, LLC, Petitioner, by and through its undersigned attorneys, petitions the Board of Oil, Gas and Mining (the “**Board**”) for an order approving the injection of water produced from the Cook #20-1 well (the “**Cook #20-1**”) located in Section 20, Township 13 South, Range 7 East, Carbon County, Utah, into the Alpine School District #3-17 (SWD) Class II injection well (the “**ASD #3-17**”) located in Section 17, Township 13 South, Range 7 East, Carbon County, Utah and shows as follows:

1. Clear Creek CBM, LLC (“**Clear Creek**”) is a Utah limited liability company in good standing, having its principal place of business in Orem, Utah. Clear Creek is qualified to and is doing business in Utah. Clear Creek is duly bonded with all appropriate State of Utah agencies relevant to this Cause.

2. The Board has exclusive jurisdiction over the parties and subject matter of this Request for Agency Action, pursuant to Section 40-6-5(5) of the Utah Code.

3. Clear Creek is the designated operator of the Cook #20-1, which is located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 20, Township 13, Range 7 East, Carbon County, Utah. The Cook #20-1 produces natural gas from the Ferron sandstone member of the Mancos Formation (the “**Ferron Sandstone**”). The Cook #20-1 also produces water in connection with the natural gas production operations. The produced water requires disposal.

4. Marion Energy, Inc. (“**Marion**”) operates the ASD #3-17, which is located in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 17, Township 13 South, Range 7 East, Carbon County, Utah. Marion also operates the Clear Creek Federal Unit (the “**Clear Creek Unit**”).

5. The Division of Oil, Gas and Mining (the “**Division**”) administratively approved the conversion of the ASD #3-17 into a salt water disposal (SWD) Class II injection well.

6. By that certain Findings of Fact, Conclusions of Law and Order issued by the Board on May 11, 2010, in Cause No. UIC-362.2 (the “**Order**”), the Board approved Marion’s request for an aquifer exemption for selected zones of the Ferron Sandstone within a one-half mile radius of the ASD #3-17. The Board found that “[w]ater injected into the subject aquifer will be limited to water produced from wells within the Clear Creek Unit.” The Order specifically provides that “[s]hould Marion, or any other party, wish to inject water produced from outside the Clear Creek Federal unit into the aquifer exempted herein, Board approval must first be obtained.”

7. While the Cook #20-1 is located approximately only one mile from the ASD #3-17, it is located outside the boundaries of the Clear Creek Unit.

8. Petitioner seeks approval to inject the produced water from the Cook #20-1 into the ASD #3-17 and the zones of the Ferron Sandstone approved by the Board and the Division for water injection purposes.

9. Marion has indicated that it does not object to Clear Creek requesting Board and Division approval to dispose of produced water from the Cook #20-1 into the approved zones in the Ferron Sandstone in the ASD #3-17. Marion and Clear Creek are currently negotiating the terms of an agreement regarding such disposal operations, which is a prerequisite to any such disposal.

10. On information and belief, the water from the wells within the Clear Creek Unit that has been approved for injection into the ASD #3-17 and the water produced from the Cook #20-1 are essentially equivalent in terms of total dissolved solids and contaminants, both being produced from the Ferron Sandstone under similar underground conditions.

11. On information and belief, the water produced from the Cook #20-1 is compatible with the water produced from the wells within the Clear Creek Unit and the water in the zones in the Ferron Sandstone approved for water disposal purposes. To the extent the produced water is not compatible with the other waters, it will be treated as necessary before injection.

12. The estimated volume of produced water from the Cook #20-1 to be injected into the ASD #3-17 is approximately 250-300 barrels of water per day.

13. The names and addresses of all operators and owners (as defined in Section 40-6-2 of the Utah Code) and all surface owners within a one-half mile radius of the ASD #3-17 are set forth in Exhibit "A" attached hereto and made a part hereof.

14. The Affidavit required by Rule R649-5-2(2.12), Utah Administrative Code, is attached hereto as Exhibit "B" and made a part hereof.

15. Water disposal operations as proposed herein are necessary to prevent waste and to protect the correlative rights of all owners.

WHEREFORE, Petitioner respectfully requests the Board to:

A. Set this matter for hearing at the Board's regularly scheduled hearing to be held on January 22, 2014, to consider approving the injection and disposal of produced water from the Cook #20-1 well into the approved injection intervals of the Ferron Sandstone in the ASD #3-17 (SWD) UIC Class II injection well as requested herein.

B. Give notice of this Request for Agency Action and the hearing as provided by the laws of the State of Utah and regulations issued pursuant thereto. The names and addresses of the parties interested in this matter are set forth in Exhibit "A" to this Request for Agency Action.

C. Conduct a hearing at which Petitioner and all interested parties may be allowed to present evidence regarding whether the Board should approve the injection and disposal of the produced water from the Cook #20-1 well into the ASD #3-17 well as requested herein.

D. To make its findings that:

(1) The produced water from the Cook #20-1 is appropriate for injection into the approved injection intervals of the Ferron Sandstone in the ASD #3-17; and

(2) The proposed injection and disposal of the produced water from the Cook #20-1 into the ASD #3-17 is necessary to prevent waste and to protect the correlative rights of all owners.

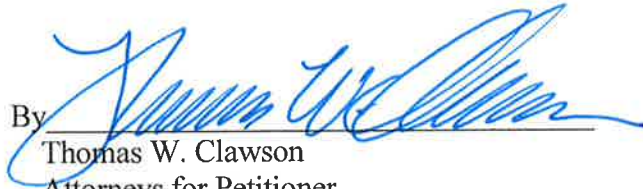
E. Enter an order approving the proposed injection and disposal operations.

F. Provide such other relief as may be just and proper under the circumstances.

Dated this 10th day of December, 2013.

VAN COTT, BAGLEY, CORNWALL & McCARTHY

By



Thomas W. Clawson

Attorneys for Petitioner

36 South State Street, Suite 1900

Salt Lake City, Utah 84111

Telephone: (801) 532-3333

Petitioner's Address:

CLEAR CREEK CBM, LLC

752 S. 500 E.

Orem, Utah 84097

Attention: Steve Ault

EXHIBIT "A"

NAMES AND ADDRESSES OF OWNERS, OPERATORS, AND SURFACE OWNERS WITHIN A ONE-HALF MILE RADIUS OF THE ALPINE SCHOOL DISTRICT #3-17 WELL, CARBON COUNTY, UTAH

Alpine Board of Education
Alpine School District
575 North 100 East
American Fork, UT 84003

State of Utah
LaVonne Garrison
Trust Lands Administration
675 East 500 South, Suite 500
Salt Lake City, Utah 84102

Carbon County Recreation & Transportation
Special Service District
125 East Main
Price, UT 84501

Bruce Suchomel
UIC Program
USEPA Region 8 (P-W-GW)
1595 Wynkoop St.
Denver, CO 80202-1129

Marion Energy, Inc.
c/o Keri Clarke, Vice President
3580 Orr Road
Allen, TX 75002

Church of Jesus Christ of LDS
LDS Church, Tax Division
50 E. North Temple
22nd Floor, RE: 2A-0736
Salt Lake City, Utah 84150

Bureau of Land Management
Price Field Office
Attn: Don Stephens
125 S. 600 W.
Price, Utah 84501

Merrion Oil and Gas Corporation
610 Reilly Ave
Farmington, NM 87401

Bureau of Land Management
Utah State Office
Attn: Becky J. Hammond
P.O. Box 45155
Salt Lake City, Utah 84145-0155

Liodakis Ranch LLC
George E. Liodakis
2655 E. Chalet Circle
Sandy, Utah 84093

Annie S. Kosec Trust
c/o Richard Kosec
1776 Kenilworth Rd.
Helper, UT 84526

Mr. J. Richard Bell
4362 Idlewild Road
Salt Lake City, Utah 84124

Northstargas, LC
c/o Steve Ault
725 South 500 East
Orem, UT 84097

Ms. Joni Buehner
350 Claude Drive
Santa Clara, CA 84765

Blue Ridge Services LLC
Attn: Denise A Dragoo
Snell & Wilmer LLP
15 W. South Temple, Suite 1200
Salt Lake City, Utah 84101

Summit Energy Partners Clear Creek, LLC
1245 Brickyard Rd.
Salt Lake City, Utah 84106

Reverse Exchange LLC
As title holder for AOK Family Holding Trust,
Jana Gunderson, Trustee
341 North 1100 East
American Fork, Utah 84003

Lutheran High School
2222 North Santiago Blvd.
Orange, CA 92867

Ms. Anastasia Daraban
1833 S. West Temple #1
Salt Lake City, Utah 84115

Harvey Stone
155 Franklin Street
P.O. Box 536
Ferron, Utah 84523

Leoan Gunderson
3990 Raymond
Ogden, Utah 84403

Estate of James T. Jensen
2961 N. Caitland Ct.
Salt Lake City, Utah 84121

Jerry L. Jensen
1155 N. Carbonville Rd.
Price, Utah 84501

Ms. Connie Condie
433 E. Vine Street
Murray, UT 84765

Mr. John Nicolaides
5040 N. Second Street
Phoenix, AZ 85012

Mr. Paul Daraban
10104 Dunsinane
South Jordan, Utah 84095

Mr. Michael Stathis
1579 S. East Canyon Drive
Cedar City, Utah 84720

Mr. Tommy John Nicolaides
989 Military Drive
Salt Lake City, Utah 84108

Ms. Hilda Hammond
2912 Redwood
Costa Mesa, CA 92626

Mary Louise Seamons
1774 South 340 East
Orem, Utah 84058

Anthon Madsen
1821 Howell
Richland, WA 99354

Annie Andersen
1646 Snow Rd
Fort Sill, OK 73503

Dix Jensen
525 Woodhill Dr.
Price, Utah 84501

Bonnie Lynne Jensen Stradling
572 Shawnee Trail
Whitesboro, TX 76273

Jack Thomas
Route 2
Preston, ID 83263

Alice Pannier
1138 Michigan Ave.
Salt Lake City, Utah 84105

Carbon County
120 East Main Street
Price, Utah 84501

EXHIBIT "B"

FILED

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DEC 10 2013

DEPARTMENT OF NATURAL RESOURCES

**SECRETARY, BOARD OF
OIL, GAS & MINING**

STATE OF UTAH

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INJECTION WELL LOCATED IN)
SECTION 17, TOWNSHIP 13 SOUTH,)
RANGE 7 EAST, CARBON COUNTY,)
UTAH)**

**AFFIDAVIT OF
THOMAS W. CLAWSON**

**Docket No. 2014-005
Cause No. UIC-362.2-2**

**STATE OF UTAH)
: ss.
COUNTY OF SALT LAKE)**

THOMAS W. CLAWSON, having been duly sworn, deposes and says that:

1. He is a resident of Salt Lake County and over the age of 21 years.
2. He is an attorney licensed to practice law before the Utah Supreme Court and all inferior courts of the State of Utah.
3. He is familiar with the statutes, rules, and regulations of the Board of Oil, Gas and Mining pertaining to injection of fluids into reservoirs for water disposal purposes.
4. He has caused the Request for Agency Action in this Cause to be provided to all operators or owners and surface owners within a one-half mile radius of the Alpine School

District #3-17 (SWD) UIC Class II injection well as required by Rules 641-104-135 and 649-5-2(2.12) of the Utah Administrative Code, by mailing copies thereof, properly addressed, with postage prepaid. The names and addresses of the owners so served are set forth in Exhibit "A" to the Request for Agency Action in this Cause.

Dated this 10th day of December, 2013.


Thomas W. Clawson

STATE OF UTAH)
 ss.
COUNTY OF SALT LAKE)

SUBSCRIBED AND SWORN to before me this 10th day of December, 2013.


NOTARY PUBLIC

4821-9896-3735, v. 1

